

## Message Text

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ATTN PARIS FOR JACK MARESCA

E.O. 11652: N/A

TAGS: SOPN, XC, US

SUBJECT: JULY 12 EA PRESS SUMMARY

### 1. VIETNAM

SRV DEL MTG W/US OFFICIALS IN HONOLULU WEDS IN CONTINUATION  
EFFORTS TO IDENTIFY VIET WAR VICTIMS. DOS' SIEVERTS  
WELCOMED VIETS TUES/SAID, "WE HAVE NO ILLUSIONS THAT ANY-  
THING WILL HAPPEN OVERNIGHT. IT IS A CONTINUING EFFORT."  
TWO-DAY MTG WILL INCL VISITS TO JOINT CASULTY RESOLUTION  
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CENTER/US CENTRAL ID LAB. VIET DEL, LED BY SENIOR FONMIN  
OFFICIAL VU HOANG, INCL 2 FORENSIC SPECIALISTS WHO WILL  
OBSERVE US METHODS OF RECOVERY/ID OF WAR DEAD (REUTER  
7/11; AP, WP--BOTH HONOLULU).

DOS SAID AGAIN TUES THAT US HAS NOT BEEN NOTIFIED BY SRV OF  
ANY CHANGE IN HANOI'S PRECONDITIONS FOR NORMALIZATION RELS.  
ASKED ABOUT VIET VICE FONMIN'S COMMENTS IN TOKYO, RESTON  
SAID: "WE ARE UNAWARE OF ANY CHANGE" IN SRV POSITION "THAT  
A COMMITMENT OF ECONOMIC ASSISTANCE BE PART OF ANY AGREEMENT

TO ESTABLISH NORMAL DIPLOMATIC RELATIONS. THEY HAVE NOT COMMUNICATED TO US DIRECTLY ANY CHANGE IN THEIR ATTITUDE" (REUTER 7/11).

BUTTERFIELD (SFC HK 7/5) QUOTES DIPLOS THAT VN'S LEADERSHIP, UNLIKE THAT IN CHINA, HAS REMAINED REMARKABLY COHESIVE/HAS PRESERVED GOVT BY CONSENSUS AT TOP LEVELS-- MAJOR ASSET IN GRAPPLING W/TROUBLES PLAGUING COUNTRY. SAYS ANALYSTS CAUTIOUS ABOUT DRAWING CONCLUSIONS ABOUT WHO WIELDS POWER IN VN/HOW DECISIONS REACHED, BECAUSE OF HANOI'S PENCHANT FOR SECRECY. PEKING IS "OPEN BOOK BY COMPARISON," ONE DIPLO REMARKED.

## 2. VIETNAM/CHINA

SRV CLAIMED TUES THAT 4 CHINESE WARPLANES VIOLATED ITS AIRSPACE FLYING DEEP AS 19 MI INTO VIET TERRITORY. RADIO HANOI SAID FLIGHTS OCCURRED SUNDAY; CHINESE CHARGE IN HANOI REJECTED PROTEST NOTE MONDAY "ON GROUNDS THAT HE HAD NO KNOWLEDGE OF THE INCIDENT." BROADCAST SAID 2 FIGHTER PLANES FLEW 16 MI OVER QUANGNINH PROVINCE/2 OTHERS FLEW 19 MI OVER CAOLANG PROVINCE.

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IF VIET ALLEGATION TRUE, OBSERVERS SAY IT REPRESENTS WORSENING OF DISPUTE WITH PRC. SUN QUOTES ANALYSTS WHO SAY IT IS EASY FOR CHINESE JET PLANES FLYING AT HIGH SPEED TO MAKE ERRORS/STRAY INTO OTHER SIDE OF BORDER; THAT WHILE SIMILAR INCIDENTS HAVE BEEN MONITORED IN PAST, HANOI HAD NOT MADE ISSUE OF THEM BEFORE ROW OVER EXODUS ETHNIC CHINESE FROM VN. ANALYSTS SAID THESE PLANES PROBABLY MAKING RECONNAISSANCE FLIGHTS NEAR BORDER TO ASSESS TROOP CONCENTRATIONS ON VIET SIDE.

NYT NOTES BOTH SIDES STRENGTHENING FORCES ALONG FRONTIER/ SOME OBSERVERS CONCLUDE NEXT STEP WILL BE SOME FORM MIL ACTION. SAYS IN LAST FEW DAYS, HANOI RADIO HAS REFERRED TO SETTING UP REGIONAL ARMED UNITS IN AREAS NE OF HANOI/TO INCREASED MIL RECRUITMENT/TO MIL TRAINING EXERCISES IN NORTH AND ON COAST (WP/NYT SPEC--BOTH BANGKOK; SUN'S WU HK; WSJ; REUTER HK 7/11; AP/UPI--BOTH BANGKOK 7/11).

NCNA REPORTED TUES THAT VIET SECRET AGENT, SENT TO CHINA TO SPY ON CHINESE RESIDENTS EXPELLED FROM VN, WAS CAPTURED 6/25 IN BORDER TOWN IN SW CHINA. REPORT SAID AGENT LIVED IN MONG CAI OPPOSITE TUNGHSING/HAD BEEN SPYING SINCE '74/ REPORTED TO VIET SECRET SERVICE (AP TOKYO, SUN).

"PD" ACCUSED SRV WEDS OF BECOMING "OVERLORD" OF SEASIA, ACTING AS JUNIOR PARTNER IN DRIVE BY USSR FOR WORLD DOMINATION. INCL IN ALLEGED PLOT WERE BORDER CONFLICT W/

CAMBODIA, EXPULSION CHINESE NATLS FROM VN, VIET ATTEMPT  
DISRUPT PRC/SEASIA RELS. SAID, "SOVIET SUPERPOWER WITH ITS  
OWN HEGEMONISTIC AIMS PROVIDES COVER AND SUPPORT FOR THE

VIETNAMESE AUTHORITIES' REGIONAL HEGEMONISM." NCNA ALSO  
REPORTED TUES THAT TALKS TO ALLOW CHINESE SHIPS INTO VIET  
PORTS HAD REACHED IMPASSE, DUE TO "UNREASONABLE ATTITUDE"  
OF VIET AUTHORITIES (REUTER'S MACKENZIE, PEKING).

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### 3. CHINA

IN FRI SPEECH TO NATL CONF OF FIN/TRADE IN PEKING RELEASED  
7/12 BY NCNA, CHRMN HUA, ACKNOWLEDGING CHINA LAGS BEHIND IN  
TECH/MANAGERIAL SKILLS, SAID PRC MUST LEARN FROM "ADVANCED  
EXPERIENCE OF OTHER COUNTRIES"/MUST CATCH UP/SURPASS ECON  
LEVEL REST OF WORLD. HUA NOTED SHARP INCREASES IN  
INDUSTRIAL PRODUCTION IN 1ST HALF; BUT CLAIMED FIGURES  
HIGH ONLY BECAUSE OF GAINS OVER POOR SHOWING LAST YR, DUE  
TO HAVOC CAUSED BY GANG OF FOUR; WARNED AGAINST  
"COMPLACENCY, CONSERVATISM, PAROCHIAL ARROGANCE WHEN...EVEN  
THE SLIGHTEST PROGRESS" ACHIEVED (CHING, WSJ; UPI, JOC,  
NYT; REUTER PEKING).

REUTER (PEKING) CITES DIPLO SOURCES THAT PRC HAS CUT ALL  
ECON/TECH AID TO ALBANIA. SOURCES SAID ALBANIA INFORMED  
IN NOTE LAST FRI; NO OFFICIAL CONFIRMATION FROM PEKING.  
CHINESE AID TO ALBANIA SECOND ONLY TO AID TO VN. REPORT  
NOTES GROWING STRAIN IN CHINA-ALBANIA RELS EVIDENT FOR  
SEVERAL YRS; ALBANIA INCREASINGLY CRITICAL OF PEKING OVER  
LAST FEW MONTHS, ESPECIALLY TOWARD CHINA'S "THREE WORLDS"  
THEORY OF INTL AFFAIRS; ALBANIA ALSO CRITICAL OF PEKING  
FOR REVISIONSIM(REUTER, NYT).

REUTER (PORT OF SPAIN) REPORTS PRC VICE PREMIER KENG PIA  
TO ARRIVE TRINIDAD 7/13 TO START 3-NATION CARIBBEAN TOUR  
APPARENTLY AIMED AT COUNTERING GROWING SOVIET/CUBAN  
INFLUENCE IN AREA.

REUTER (PEKING) NOTES "PD" ARTICLE ON COMEBACK OF SHOPS  
SELLING BOILED WATER IN PARTS OF CHINA. EXTREMIST LEADERS  
IN RECENT YRS HAD ATTACKED CONCEPT OF INDIVIDUAL HOT WATER  
SHOPS AS HAVING CAPITALISTIC TAINT. "PD" SAYS RESTORATION  
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OF "TIGER STOVES" GIVES MESSAGE THAT "MANY SERVICE TRADES  
ARE BEST LEFT IN THE HANDS OF BASIC UNITS RATHER THAN  
TURNING THEM INTO MASS UNITS W/O PROPER MANAGEMENT."

JOC (HK) REPORTS US FERRO CORP TO BUILD PLANT IN HK TO MAKE CHEMICAL BASE FOR PORCELAIN ENAMEL/GLAZE FINISHES. ANOTHER MAJOR US CO TO INVEST IN HK IS STANDARD BRANDS, WHICH WILL JOINTLY BUILD FROZEN FOOD PROCESSING PLANT W/LOCAL CO. PLANS ANNOUNCED LAST MONTH FOR DU PONT/CONTINENTAL CAN TO BUILD PLANTS IN HK. ALL TOGETHER, THESE INVESTMENTS TOTAL OVER 200 MIL DOLS.

#### 4. CHINA/KOREA

NCNA REPORTS PRC FONMIN HUANG HUA HAS EXPRESSED SUPPORT FOR NK IN REUNIFICATION ISSUE/HAS CALLED FOR W/DRAWAL ALL US TROOPS FROM SK. SPEAKING AT 7/11 PEKING BANQUET CELEBRATING ANNIVERSARY KOREA-CHINA FRIENDSHIP TREATY, HUANG SAID REUNIFICATION MUST BE SETTLED W/O OUTSIDE INTERFERENCE, ADDING US "MUST STOP MEDDLING" IN KOREAN PEOPLE'S AFFAIRS/W/DRAW "ALL ITS AGGRESSOR TROOPS, WEAPONRY AND EQUIPMENT" FROM SK (REUTER HK, 7/11).

#### 5. KOREA

UPI (SEOUL) REPORTS SOURCES IN HEALTH/SOC AFF MIN SAY ROKG CONSIDERING PLAN TO LIBERALIZE IMPORT OF COSMETIC ITEMS SUCH AS LIPSTICK/EYESHADOW/ETC (JOC).

#### 6. JAPAN

FUKUDA WILL CONFER W/FRG CHANCELLOR SCHMIDT IN BONN SUNDAY ON GLOBAL ECON/MONETARY PROBLEMS (UPI, JOC TOKYO).

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"MAINICHI" REPORTS JAPAN WILL STOP TRYING COLLECT 448-MIL-DOLS IN LOANS TO SEVERELY UNDERDEVELOPED COUNTRIES IN BID TO END HEAVY CRITICISM OF ITS INTL TRADE SURPLUS. PAPER SAID FUKUDA WOULD ANNOUNCE DECISION AT BONN SUMMIT (UPI, NYT TOKYO).

REUTER (TOKYO) SAYS JAPANESE POLICE PREPARING FOR POSSIBLE FLARE-UP GANGLAND WARFARE AFTER ATTEMPTED ASSASSINATION KAZUO TAOKA--REPUTED LEADER JAPAN'S LARGEST UNDERWORLD GANG. SOME 2,000 POLICE MOBILIZED 7/11 IN KYOTO TO PREVENT RETALIATORY ATTACKS.

JOC'S CULLISON (TOKYO) DOES ITEM ON JAPAN'S FARM SECTOR, WHICH STILL FAR FROM SELF-SUFFICIENCY. CITES JAPAN'S GROWING POPULATION/FARM LOBBY/USG PRESSURE FOR JAPAN IMPORT MORE US FARM PRODUCTS AS MAJOR FACTORS INHIBITING EFFICIENT/SELF-SUFFICIENT AGRICULTURE IN JAPAN. ALSO REMARKS THAT W/LDP IN

DIRE NEED ELECTORAL SUPPORT FROM NATION'S FARMERS,  
CHANGE LIKELY COME SLOWLY-IF AT ALL.

KAWASAKI WILL REDUCE SHIPBUILDING CAPACITY BY 40  
PCT/TRIM WORK FORCE BY 41 PCT BY NEXT MARCH. FIRM  
SAID DECISION MADE TO COPE W/PROTRACTED SLUMP IN

BUSINESS SINCE '73 OIL CRISIS (UPI, JOC).

#### 7. ECON SUMMIT

REUTER'S HARRIS CITES US OFFICIALS WHO SAY PRES  
CARTER WILL STRONGLY RESIST ANY EFFORT AT BONN TO  
MAKE US SCAPEGOAT FOR ECON TROUBLES IN WORLD'S  
INDUSTRIALIZED DEMOCRACIES. CITES JAPAN'S ECON  
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PLANNING AGENCY CHIEF MIYAZAWA'S RECENT HARSH  
CRITICISM OF US, WHICH PROMPTED JODY POWELL SAY  
THIS WK THAT IT WAS UNFAIR EXPECT US SOLVE ECON  
PROBLEMS WHILE OTHER COUNTRIES NOT PAYING ENOUGH  
ATTENTION TO ACTIONS THEY SHOULD TAKE. NOTES US  
OFFICIALS ASSERT JAPAN/FRG HAVE NOT LIVED UP TO  
PROMISES--SUCH AS ACHIEVING HIGHER GROWTH RATES--  
BOTH MADE AT LONDON ECON SUMMIT LAST YEAR.

#### 8. PHILIPPINES

PHIL AF ANNOUNCES PURCHASE 25 SUPERSONIC F-8 CRUSADER  
FIGHTER-BOMBERS FROM DALLAS-BASED VOUGHT CORP.  
DELIVERY WILL BE COMPLETED BY YEAR'S END (REUTER  
MANILA).

REUTER'S CABIE (MANILA 7/11) DOES ITEM ON MARCOS'  
EASING OF MARTIAL LAW, WHICH SEEN DESIGNED IMPROVE  
BOTH HIS/GOP'S IMAGE, AS WELL AS DOMESTIC POL  
CLIMATE. CITES FACT CHARGES AGAINST NEARLY 800  
PEOPLE DROPPED SINCE LAST YR/RELEASE 1,000 DETAINEES  
HELD W/O FORMAL CHARGES/LIFTING OF CURFEW/AMENDMENT  
OF AMNESTY LAWS, WHICH SEEN REFLECTING POLICY OF  
RECONCILIATION. HOWEVER, NOTES MARTIAL LAW STILL  
IN EFFECT, W/MARCOS SAYING HE "CAN ONLY MAKE AN  
EDUCATED GUESS AS TO WHEN IT WOULD BE POSSIBLE,  
AND PROPITIOUS" TO LIFT IT.

#### 9. MICRONESIA

SUN'S MARTIN (PALAU)/WP'S CHAPMAN (SAIPAN) DO  
SIMILAR ITEMS ON MICRONESIA'S VOTE ON CHARTER FOR  
INDEPENDENCE. BOTH NOTE THAT AS ELECTION DRAWS  
NEAR, OUTCOME FAR FROM CERTAIN. SPECIFICALLY AT  
ISSUE IS WHETHER ACCEPT/REJECT CONSTITUTION TO

ESTABLISH "FEDERATED STATES OF MICRONESIA." WHILE  
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4 OF 6 DISTRICTS INVOLVED EXPECTED APPROVE CHARTER,  
PALAU/MARSHALL ISLANDS GIVEN EXCELLENT CHANCES OF  
BLOCKING APPROVAL. CHAPMAN REMARKS THAT ISSUE RE  
THESE 2 GROUPS NOT INDEPENDENCE--THAT IS FOREGONE  
CONCLUSION--BUT WHETHER PALAU/MARSHALLS WOULD FARE

BETTER AS SEPARATE ENTITIES/NEGOTIATE OWN STATUS IN  
ASSOCIATION W/US.

10. THAILAND

THAI SUPREME COURT ORDERED SUMMIT INDUSTRIAL COPR THIS WK  
PAY NEARLY 2 MIL DOLS IN CUSTOMS TAX, EVADED ON BASIS OF  
MISTRANSLATION. NOTES THAI TRANSLATION USED WORD FOR  
"TOPPED" INSTEAD OF "RECONSTITUTED" REFERRING TO SHIPMENT  
CRUDE OIL (UPI BANGKOK, JOC).

11. SINGAPORE

SINGAPORE AIRLINES REPORTS 19 PCT INCREASE IN POST-TAX  
PROFITS FOR YR ENDED 3/78 (JOC SPEC SINGAPORE).

12. MALAYSIA

ACCORDING JOC'S LORENZ (KL 7/11), MALAYSIA EXPECTED TAKE  
FIRM STAND IN ATTEMPT RAISE BUFFER-STOCK PRICES AT  
QUARTERLY MTG OF INTL TIN COUNCIL OPENING WEDS IN LONDON.  
SAYS 4-DAY MTG WILL DISCUSS NEW BUFFER STOCK PRICE RANGE/  
TIN STATISTICS. NOTES GOM DISAPPOINTED W/TIN CONSUMERS  
WHO IT FEELS HAVE SET UP VIRTUAL CABAL CAUSING BUFFER  
STOCK PRICES REFLECT NEITHER COST OF TIN PRODUCTION NOR  
ACTUAL MRKT VALUE OF TIN.

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MOREOVER, LORENZ QUOTES MALAY CHAMBER OF MINES PRES THAT  
TIN PROFITS TAX IN MALAYSIA CRIPPLES INDUSTRY/IS RESPONSIBLE  
FOR DECLINE IN PRODUCTION. PRES SAID MINERS ALSO PAYING  
MORE IN EXPORT DUTY, SINCE EXPORT CHARGE INTRODUCED AS ANTI-  
INFLATIONARY MEASURE HAS BEEN INCORPORATED INTO EXPORT  
DUTY. SAUD PROSPECTS FOR REACHING AGREEMENT ON NEW PRICE  
RANGE IN LONDON DO NOT LOOK ENCOURAGING, THAT MTG MAY LEAD  
TO FURTHER POLARIZATION OF VIEWS BETWN PRODUCERS/CONSUMERS.

COMMENT AND ANALYSIS

13. JAPAN

UPI (TOKYO) SAYS W/TWO YR TERM AS PRES LDP DUE TO END IN DEC, PM FUKUDA CONSIDERING DISOLVING LOWER HOUSE, CALLING FOR GEN ELECTIONS IN BID KEEP CONSERVATIVES IN POWER. NOTES LDP SEC GEN OHIRA, BELIEVED SEEKING REPLACE FUKUDA, AND OTHER POTENTIAL CANDIDATES FOR PM SLOT MAKING ALL OUT EFFORTS TO BLOCK FUKUDA'S MOVE (BALT NA 7/10).

SUN'S MARTIN (TOKYO 7/11) THINKS JAPAN MAY BE MAKING SOME HEADWAY TOWARD REDUCING ITS ENORMOUS TRADE IMBALANCE. EX-

PORTS DOWN, THO MARTIN NOTES NO SIGNIFICANT INCREASE IN IMPORTS. DESPITE DROP IN DOL VALUE, SAYS PEOPLE SELLING US PRODUCTS IN JAPAN HAVE NOT FOUND GREAT RUSH OF ORDERS. BELIEVES THERE ARE MANY BARRIERS TO EXPANSION OF IMPORTS, SOME OF JAPAN'S MAKING, OTHERS NOT. THINKS TARIFFS NOT SIGNIFICANT AS MANY BELIEVE. CITES SYSTEMATIC TARIFF REDUCTION AFTER YRS OF MULTINATL TRADE NEGOTS. POINTS TO JAPANESE QUOTAS/GOVT SUBSIDIES TO INDUSTRIES/NATL PRODUCT STANDARDS/DIFFICULTY OF FON BUSINESSMEN IN OBTAINING MULTIPLE ENTRY VISAS/COMPLAINTS OF ARBITRARY ACTIONS OF GOJ CUSTOMS AGENTS/RAISING PRODUCTS FROM LOWER TO HIGHER DUTY CATEGORY, AS SIGNIFICANT DETERRENTS TO IMPORTS.

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MARTIN BELIEVES RELS AMONG JAPANESE BUSINESSMEN/JAPANESE TENDENCY TO THINK OF IMPORTS AS LUXURY GOODS OTHER DAMPERS ON IMPORT BUYING. IN ADDITION, SAYS US INDUSTRY HAS NOT MADE SUFFICIENT COMMITMENT TO SELLING TO JAPAN/ TO MTG NEEDS OF JAPANESE ECON. CRITICIZES US COMMERCE DEPT FOR SLOWNESS IN ISSUING EXPORT LICENSES. ECHOES BUSINESSMEN'S CRITICISM OF US TAX REFORMS WHICH HAVE TAKEN AWAY MANY OF EXEMPTIONS WHICH HELPED THEM COPE W/OPERATING IN WORLD'S MOST EXPENSIVE CITY. CONCLUDES THAT BRINGING JAPAN'S TRADE INTO BALANCE NOT EASILY NOR QUICKLY ACCOMPLISHED. NOTES US COULD HELP BY BECOMING MORE EXPORT CONSCIOUS.

CSM'S OKA (7/10), IN EXCLUSIVE INTERVIEW W/FUKUDA, NOTES PM'S STATEMENT THAT MOST URGENT INTL TASK FACING GOJ IS TO REDUCE TRADE SURPLUS. OKA SAYS JAPAN CERTAIN TO FACE CRITICISM ON THIS SCORE AT BONN SUMMIT. QUOTES FUKUDA THAT ONLY INTL MONETARY INSTABILITY HAS KEPT JAPAN FROM REACHING 7 PCT GROWTH GOAL THIS YR. FUKUDA ATTRIBUTES INSTABILITY PRIMARILY TO US INFLATION, WHICH HE SEES AS PRINCIPAL THREAT. WORLD NEEDS STABLE CURRENCY, FUKUDA SAYS. AFTER REDUCING SURPLUS, FUKUDA SEES GREATER AID TO DEVELOPING NATIONS/TACKLING ENERGY PROBLEMS OF POST OIL PERIOD AS MOST IMPORTANT INTL TASKS FACING JAPAN.

JOC'S CULLISON (TOKYO 7/11) SAYS FUKUDA PLANS URGE US/

W GERMANY "TRY MUCH HARDER" TO CURTAIL INFLATION IF THEY WANT JAPAN MORE EFFECTIVELY REDUCE ITS MASSIVE TRADE SURPLUS. NOTES THAT FUKUDA/HIS ECON MINS BELIEVE THEIR EFFORTS BEING UNDERMINED BY RISING INFLATION ABROAD, ESPECIALLY IN US.

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SUN'S BEHR (GENEVA) THINKS HARD BARGAINING BETWN US/JAPAN AHEAD BEFORE SIGNIFICANT NEW AGREEMENT ON INTL TRADE/TARIFF REDUCTIONS CAN BE REACHED. SAYS US OFFICIALS PARTICULARLY

UPSET W/JAPAN'S UNWILLINGNESS OFFER TARIFF REDUCTIONS SATISFACTORY TO US/JAPANESE RESISTENCE TO LOWERING BARRIERS TO US AGRIC/INDUSTRIAL GOODS. BUT SAYS DESPITE DIFFERENCES, US NEGOTIATOR STRAUSS SEEMS MORE OPTIMISTIC THAN WK AGO. STRAUSS SAYS NATIONS CLOSE TO AGREEMENT ON GOVT PROCUREMENT POLICIES/CUSTOMS TRADE VALUATION; BUT STRAUSS ADDS THAT ON AGRIC ISSUES, NATIONS LONG WAY FROM HOME. BEHR SAYS OUTLOOK IS FOR ONLY PARTIAL AGREEMENT AT BEST BY WKEND, IN TIME FOR BONN SUMMIT.

#### 14. ECON SUMMIT

SUN EDIT REMARKS US/FRG/JAPAN ENGAGING IN MUCH "FINGER-POINTING" DURING WK BEFORE BONN SUMMIT. SAYS THIS PRELIMINARY BICKERING HAS REACHED LEVEL THAT'S SERIOUSLY DISTURBING TO ALL WHO FEAR SLIDE IN GLOBAL RECESSION/ PROTECTIONISM. FORESEES LITTLE RESULTING FROM SUMMIT. NOTES PROMISES PREVIOUSLY MADE--US ENERGY PROGRAM/FRG'S 5 PCT GROWTH RATE/GREATLY REDUCED JAPANESE SURPLUS--ALL HAVE RUN AGROUND. OPINES IF NOTHING ELSE, BONN SHOULD STRIVE GIVE MOMENTUM TO GENEVA NEGOTS/BETTER DEAL FOR US FARM EXPORTS.

#### 15. PHILIPPINES

JACK ANDERSON (WP/NYDN 7/11) SAYS MARCOS TRYING KEEP SECRET ANDERSON'S PREVIOUS DISCLOSURE OF MARCOS PLANS RECOVER ALLEGED WWII BOOTY JAPAN PLUNDERED/BURIED IN PHILS. CITES "TOP-SECRET" LETTER TO MARCOS FROM "TWO OF HIS TREASURE HUNTERS." ANDERSON SUGGESTS MARCOS HAS KNOWN OF TREASURE FOR YRS, AND KNOWLEDGE MAY EVEN HAVE INFLUENCED DECISION SEIZE POWER IN PHILS. ALSO SAYS 2 US FIRMS HAVE ADMITTED

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INVOLVEMENT IN TREASURE SEARCH, BUT BOTH CLAIM MARCOS NOT PERSONALLY INVOLVED.

IN 7/10 NYT LTR, REP BEDELL (IOWA) REBUTS FRED MARQUARDT'S



RECENT OP-ED PIECE, IN WHICH BEDELL/112 OTHER REPS CHASTISED FOR WRITING MARCOS/EXPRESSING CONCERN OVER REPEATED REPORTS OF HUMAN RIGHTS VIOLATIONS/DISAPPOINTMENT OVER HIS MANIPULATION RECENT ELECTIONS. SAYS AMERICANS SHOULD BE AWARE THEIR TAX DOLLARS BEING USED "TO SUBSIDIZE A SELF-SERVING DICTATORSHIP." URGES MARCOS IMPLEMENT GENUINE ECON/HUMAN RIGHTS REFORMS, AND IF HE REFUSES, US SHOULD "QUESTION THE WISDOM" OF CONTINUING SUPPORT GOP W/US AID.

16. KOREA

UPI (SEOUL) SAYS PARK, FIRMLY ENSCONCED FOR NEW 6-YR TERM, NOT EXPECTED ALTER TWIN POLICIES OF SUSTAINED ECON GROWTH, STRONG NATL DEF. UPI BELIEVES CABINET REORG EXPECTED BEFORE YR'S END NOT LIKELY RESULT IN POLICY CHANGES. SAYS IF/WHEN PARK WILL EASE UP ON DISSENT NOT KNOWN; BUT STATES PARK BELIEVES THAT SO LONG AS NK REMAINS HOSTILE, SKOREANS "WILL HAVE TO BE DISCIPLINED" (BALTIMORE 7/10).

LAT'S JAMESON (SEOUL 7/9) NOTES COINCIDENCE OF "RUBBER-STAMP APPROVAL" OF NEW TERM FOR PARK W/ANNIVERSARY OF '77 RESOLUTION BY NATL ASSEMBLY CALLING FOR RELEASE OF ALL POL PRISONERS/URGING PARK LIFT EMERGENCY DECREE. SAYS TODAY, '77 RESOLUTION ALL BUT FORGOTTEN. BUT DESPITE DISSENT/SUPPRESSION WHICH "HAVE BECOME A WAY OF LIFE," JAMESON ADDS THAT PARK APPARENTLY ENJOYS SUPPORT OF VAST MAJORITY SKOREANS. NOTES PARK'S ECON ACHIEVEMENTS CONTINUE WIN UNCLASSIFIED

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PRAISE AT HOME/ABROAD.

JAMESON QUOTES PARK THAT ECON PROGRESS/BOLD MEASURES TO BUILD UP NATL DEF MADE POSSIBLE BY "REVITALIZING REFORMS" OF OCT '72--WHICH, JAMESON EXPLAINS, CONSISTED OF TEARING UP OLD CONSTITUTION, ESTABLISHING CURRENT AUTHORITARIAN ONE. JAMESON ATTRIBUTES CHANGE TO '75 TERMINATION OF PARK PRESIDENCY MANDATED IN OLD CONSTITUTION RATHER THAN LACK OF POL STABILITY/ECON PROGRESS. CONCLUDES THAT PARK'S REAL PROBLEM NOT DISSENT, BUT HIS INABILITY TO TOLERATE ANY SIGN OF DISAGREEMENT. ADDS THAT THIS PROBLEM DOESN'T SEEM RECEIVE MUCH ATTENTION IN EITHER KOREA OR US.

17. VIETNAM

WP EDIT (7/11) SAYS DECISION IN SNEPP CASE "WAS ANYTHING BUT A SURPRISE," SHOULD BE APPEALED. SAYS DANGER OF SNEPP CASE IS THAT IF USG IS UPHELD ON LEGALITY OF THESE CONTRACTS, IT WILL FORGET ABOUT NEED FIND BETTER BALANCE BETWEEN PROTECTION OF REAL SECRETS/PUBLICATION OF CRITICAL COMMENT. IF SNEPP LOSES ON APPEAL, SAYS JUST PENALTY WOULD

HAVE HIS LAWYERS PAID OUT OF BOOK'S PROFITS, W/USG TAKING WHAT'S LEFT.

CSM (7/10) SAYS SNEPP CASE POINTS OUT NEED FOR CHANGE IN CONTROLLING OF GOVT SECRETS, SUPPORTS AS ONE POSSIBLE ALTERNATIVE, WM COLBY'S SUGGESTIONS WHICH WOULD HAVE RESULT THAT THRUST OF LAW WOULD BE AWAY FROM GENERALIZED PRE-CENSORSHIP/THERE WOULD BE JUDICIAL ADVERSARY PROCEEDINGS TO DECIDE WHAT MATERIAL WAS COVERED/REPORTERS COULD NOT

BE PROSECUTED FOR HAVING INFO/CLEARANCE OF MANUSCRIPTS WOULD BE VOLUNTARY.

NYT'S WICKER (7/11) LOOKS AT DECISIONS IN BOTH SNEPP AND HUMPHREY/TRUONG CASES. OPINES "DECENT INTERVAL" UNCLASSIFIED

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IMPAIRED CIA'S ABILITY TO COVER UP ITS OWN INEPTITUDE/ ITS UNWILLINGNESS TO CORRECT ITS DEFICIENCIES AND THAT "IRREPARABLE HARM" OF THE JUDGMENT IS ABOUT TO BE DONE TO FUTURE WHISTLE-BLOWERS/TAXPAYERS/VOTERS WHO NEED INFO/ 1ST AMENDMENT.

WSTAR'S MCGRORY (7/10) NOTES THAT LAST FRI MORNING "CHOLERIC" JUDGE LEWIS RELIEVED SNEPP OF ROYALTIES FROM "DECENT INTERVAL"; IN AFTERNOON, JUDGE BRYON RELIEVED HUMPHREY/TRUONG OF 15 YRS OF FREEDOM. OBSERVES DOJ WAS "OUT IN FORCE FOR THE CURTAIN"/DOS, "GENTRY AT A HANGING," TOOK UP ENTIRE BENCH/"EMITTED WELL-BRED SNICKERS" WHEN DEFENSE LAWYER SUGGESTED PART OF USG'S OBSESSION W/CASE HAD TO DO W/ITS RELUCTANCE TO RESUME NORMAL RELS W/SRV. CONTENTS ATTY-GEN SHOPPED WELL FOR COURTROOM IN WHICH TO DEMONSTRATE HIS REVERENCE FOR INTELL COMMUNITY--BUT "HIS REVERENCE FOR THE LAW IS LESS MARKED." WONDERES IF HE EVER CONSIDERED SIMPLER COURSE--HUMPHREY FIRED/TRUONG SENT HOME.

MCGRORY NOTES CRUCIAL EVIDENCE GIVEN BY DOS' CHRISTOPHER/ EA'S QUINN, WHO DECLINED EXPRESS HIS FEELINGS ABOUT HIS CONTRIBUTION TO OUTCOME. CONTENTS DEFENDENTS--"WITLESS PAIR"--NEVER GOT DIME FOR WHAT THEY DID, THAT USG NEVER PROVED THEY WERE ANYTHING BUT SELF-STARTING CANDIDATES FOR NOBEL PEACE PRIZE. NOTING THAT SEVERAL MEMBERS OF JURY WEPT AT READING OF VERDICT, SAYS THERE IS CAUSE TO WEEP FOR GOVT THAT HAS SHOWN ITSELF FOOLISH AS TWO CONVICTED.

GLOBE EDIT SAYS PRESENCE VIET TEAM IN HONOLULU TO DISCUSS MIAS IS GOOD NEWS, ESPECIALLY WHEN ACCOMPANIED BY REPORTS FROM VIET VICE FONMIN THAT SRV MIGHT ABANDON PRECONDITIONS UNCLASSIFIED

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IN DISCUSSING NORMALIZATION W/US. SAYS NEWS COMES AGAINST KALEIDOSCOPE OF SHIFTING ALLIANCES IN EA/SUGGESTS THAT THOSE SHIFTS DO NOT REPRESENT ABSOLUTE POSITIONS/THAT US STILL HAS IMPT/POSITIVE ROLE TO PLAY IN AREA.

GLOBE (7/7) NOTES THAT RECENT IMF LOAN TO SRV COULD PROVOKE PROTESTS IN CONGRESS/ELSEWHERE IN US FROM OPPONENTS VIET GOVT, SINCE US PROVIDES 20 PCT IMF'S FUNDS/CRITICS COULD ARGUE THAT LOAN CONSTITUTES "BACK DOOR" MEANS OF CHANNELING US AID TO VN. NOTES EFFORTS ALREADY UNDERWAY IN CONGRESS TO PROHIBIT USE US CONTRIBUTIONS IN INTL LENDING INSTITU-

TIONS IN AIDING CERTAIN COMMUNIST NATIONS/HUMAN RTS VIOLATORS.

18. VIETNAM/CHINA

KARNOW (SFC 7/5) CONCLUDES LESSON TO BE DRAWN FROM CURRENT TENSION BETWN CHINA/VIETNAM THAT US OUGHT BASE ACTIONS ON "COOL ASSESSMENTS OF REALITY RATHER THAN ILLUSIONS TAILORED TO FIT OUR PRECONCEIVED NOTIONS." SAYS KEY TO COUNTRIES' BEHAVIOR IS WHAT IT HAS ALWAYS BEEN--NATL SELF INTEREST. THINKS BEHAVIOR OF HANOI/PEKING POIN THIS UP. NOTES US INVOLVEMENT IN VIETNAM INITIALLY PREDICATED ON NOTION THAT NORTH SPEARHEADING CHINESE MASTER PLAN TO TAKE OVER SEA. BUT HISTORIC HOSTILITY, CHINESE INTEREST IN PROTECTING CHINESE ABROAD, CONFLICTING AMBITIONS OF TWO NATIONS FOR INFLUENCE IN AREA, FRICTION OVER CLAIMS TO PARACEL/SPATLY ISLES (AND OFFSHORE OIL) ALL REASONS BEHIND CURRENT CONFLICT. SIGNIFICANCE OF THESE FACTORS UNDERLINED BY SEEMING CHINESE INTEREST IN KEEPING HANOI OUT OF SOVIET ORBIT, SEEMING VIETNAMESE INTEREST IN MAINTAINING STRONG TIES TO CHINA DUE TO GEOGRAPHICAL PROXIMITY, KARNOW SAYS; CONCLUDES HOSTILITY HISTORICAL/DEEPLY ROOTED.

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19. CHINA

FOLLOWING VISIT OF US SCI/TECH DEL TO CHINA, TIME-LIFE NS'S BERNSTEIN SUGGESTS MESSAGE FROM PEKING SEEMS TO BE THAT IF IT WERE UP TO SCIENTISTS RATHER THAN POLS, THERE WOULD BE NO OBSTACLES TO NORMALIZATION. NOTES WARM RECEPTION DEL RECEIVED IN CHINA; SAYS THIS MAKES CLEAR THAT IMPROVEMENT OF CHINA'S SCI CAPABILITIES (AS BASIS FOR RAPID ECON DEV) COUNTRY'S 1ST PRIORITY. THINKS PRC WILLINGNESS TO ADMIT SCI BACKWARDNESS IS REVOLUTIONARY CHANGE FROM JUST FEW YRS AGO. CITES CHINA'S WILLINGNESS TO BORROW FROM WESTERN BANKS, FOR PURCHASES OF ADVANCED GOODS ANOTHER

SIGNIFICANT REVERSAL. SAYS PEKING'S DESIRE FOR FULLER EXCHANGE OF TECH/INF&RMATION IS SIGNIFICANT FACTOR IN ITS PUSH TO GAIN FULL DIPLO RECOG FROM US (WSTAR 7/11).

VON HOFFMAN (WP 7/10) COMMENTS ON ARTICLE IN APR JURIS DOCTOR MAG ON PRC TRIAL OBSERVED BY GROUP OF AMERICAN JUDGES/LAWYERS. NOTES CHINESE DEFENDENT DOESN'T GO TO COURT, BUT COURT COMES TO HIM SINCE CHINESE APPARENTLY BELIEVE IN KEEPING DEFENDANTS AS MUCH AS POSSIBLE IN WORKING/LIVING MILIEU. COURT COMPRISED OF JUDGE FROM OUTSIDE W/TWO ASSISTANTS FROM DEFENDANT'S FACTORY. QUIPS THAT ABSENCE OF LAWYERS, PROCEDURAL QUIBBLING, ARGUMENTATIVE CHICANERY MEANS COMMUNISM MORE ADVANCED SOCIETY. COMPARES

COURT'S DECISION THAT DEFENDANT HAD FALLEN INTO BAD WAYS AS RESULT OF INFLUENCE OF GANG OF FOUR W/STATEMENTS OF "PRIGGY-TYPE" AMERICANS DEFENDING DELINQUENCY BY SAYING, "WHAT CAN YOU EXPECT AFTER WATERGATE?"

VON HOFFMAN NOTES THAT, AS IN AMERICA, ONE WAY TO STAY OUT OF JAIL IN PRC IS TO EXPRESS MUCH CONTRITION. COMPARES UNCLASSIFIED

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DEFENDANT'S PROMISE TO STUDY MARX/ENGELS W/ENTHUSIASM AMERICANS HAVE FOR CONVICTS WHO TURN TO BIBLE. SAYS THAT WORKER BACKGROUND AIDED DEFENDANT IN PARTICULAR CASE, JUST AS MIDDLE CLASS BACKGROUND HELPS IN US. CONCLUDES CHINESE HAVE ATTAINED VERY LOW CRIME RATE AT CONSIDERABLE COST OF PRIVACY/INDIVIDUALITY; BUT US HAS ATTAINED LOW CRIME RATE W/O SUCH COSTS ONLY AMONG PROPRTIED GROUPS, I.E. GROUPS WHICH HAVE SUPPORT, DISCIPLINE OF REAL/FUNCTIONING HUMAN COMMUNITY.

NYT EDIT (7/7) CALLS ON PRES TO INTERVENE IN CASE OF NANCY LU, WIFE OF TAIWAN DIPLO WHO STAYED IN US AFTER HUSBAND LEFT HER/WHO HAS TRIED WIN PERMANENT RESIDENCE IN US FOR LAST 17 YRS. CHRISTOPHER

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